

PAYMENT OF REPARATIONS UNDER THE DAWES PLAN

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A REPORT FROM THE SECRETARY OF STATE IN RESPONSE TO SENATE RESOLUTION OF JANUARY 20 (CALENDAR DAY, JANUARY 21), 1925, REQUESTING A COPY OF THE AGREEMENT SIGNED BY MESSRS. KELLOGG, HERRICK, AND LOGAN RELATING TO THE DAWES PLAN AND PAYMENT OF REPARATIONS BY GERMANY, TOGETHER WITH INFORMATION RESPECTING THE NEGOTIATIONS

FEBRUARY 3, 1925.—Read; referred to the Committee on Foreign Relations and ordered to be printed

To the Senate:

I transmit herewith a report by the Secretary of State, in response to the Senate resolution of January 20 (calendar day, January 21), 1925, requesting him "if not incompatible with the public interest, to transmit to the Senate copy of the agreement signed by Messrs. Kellogg, Herrick, and Logan at the conference of the allied and associated powers in the World War relating to the Dawes plan and the payment of reparations by Germany, together with such information respecting the circumstances surrounding the negotiation and execution of the agreement as may be relevant to a full understanding of its terms."

CALVIN COOLIDGE.

THE WHITE HOUSE,
Washington, February 3, 1925.

The PRESIDENT:

I have the honor to make the following response to Senate Resolution 301 of January 20 (calendar day, January 21), 1925, requesting the Secretary of State, if not incompatible with the public interest, "to transmit to the Senate copy of the agreement signed by Messrs. Kellogg, Herrick, and Logan at the conference of the allied and associated powers in the World War relating to the Dawes plan and the payment of reparations by Germany, together with such information respecting the circumstances surrounding the negotiation and execution of the agreement as may be relevant to a full understanding of its terms."

I transmit herewith, for the information of the Senate, a copy of the agreement signed by Messrs. Herrick, Kellogg, and Logan at Paris under date of January 14, 1925, to which the Senate resolution refers.

With respect to the "circumstances surrounding the negotiation and execution of the agreement as may be relevant to a full understanding of its terms," I beg to say:

In view of the serious conditions existing in Europe and the necessity of providing means for the economic recovery of Germany and the appropriate discharge of her obligations, the Reparation Commission invited distinguished experts to consider important aspects of this problem. Among these experts were American citizens, namely, Charles G. Dawes, Owen D. Young, and Henry M. Robinson. The committee of experts, of which Mr. Dawes was chairman, which undertook to examine the means of balancing the budget of Germany and the measures to be taken to stabilize her currency, submitted a report under date of April 9, 1924. The spirit and purpose of this report are indicated in the letter accompanying it in which Mr. Dawes said that it "bases its plan upon those principles of justice, fairness, and mutual interest, in the supremacy of which not only the creditors of Germany and Germany herself, but the world, has a vital and enduring concern. With these principles fixed and accepted in that common good faith which is the foundation of all business, and the best safeguard for universal peace, the recommendations of the committee must be considered not as inflicting penalties, but as suggesting means for assisting the economic recovery of all the European peoples and the entry upon a new period of happiness and prosperity unmenaced by war."

In its report, the Dawes Committee made recommendations with respect to annual payments by Germany stating that these payments were to be of an inclusive character. The committee said:

Before passing from this part of our report we desire to make it quite clear that the sums denoted above in our examination of the successive years comprise all amounts for which Germany may be liable to the allied and associated powers for the costs arising out of the war, including reparation, restitution, all costs of all armies of occupation, etc.

It is evident that it was the intention of the committee to provide a comprehensive plan of economic reconstruction and that the annual payments to be made by Germany were to be applicable to all her obligations to the "allied and associated powers," this descriptive term manifestly including the United States.

The United States has two classes of claims against Germany: (1) For the costs of its Army of occupation, and (2) for the claims upon which it is entitled to recovery under the treaty between the United States and Germany of August 25, 1921. An Executive agreement had been made under date of May 25, 1923, for the gradual liquidation of the claim for the costs of the American Army of occupation but this agreement had not yet become effective. The amount of the claim for unpaid costs of the Army of occupation was approximately \$250,000,000. The other claims which the United States is seeking to recover are the subject of an Executive agreement with the German Government under date of August 10, 1922, providing for a mixed commission to determine the amount to be paid by Germany. This commission consists of an American commissioner, a German commissioner, and an umpire who, by agreement of the Governments of the United States and Germany, is an American citizen. Under the agreement establishing the mixed commission it is provided that the following categories of claims shall be passed upon, to wit:

(1) Claims of American citizens arising since July 31, 1914, in respect of damage to, or seizure of, their property, rights, and interests, including any company or association in which they are interested, within German territory as it existed on August 1, 1914;

(2) Other claims for loss or damage to which the United States or its nationals have been subjected with respect to injuries to persons, or to property, rights, and interests, including any company or association in which American nationals are interested, since July 31, 1914, as a consequence of the war;

(3) Debts owing to American citizens by the German Government or by German nationals.

This mixed commission has been sitting in Washington and the claims of the Government of the United States and its nationals against Germany are in course of adjudication. While it is not possible at this time to fix precisely the total amount of the awards, it is estimated that they will not exceed \$350,000,000.

On July 16, 1924, a conference of representatives of the allied powers was convened in London to consider the recommendations of the Dawes Committee. In view of the inclusive nature of the payments contemplated by the Dawes plan, the American ambassador at London was directed to attend the conference in order that the interests of the United States might be appropriately safeguarded. While the London conference resulted in agreements between the allied powers, and between those powers and Germany for the putting into effect of the Dawes plan, that conference did not attempt to distribute the payments which it was expected would be received by Germany under the plan. It was arranged that a meeting of finance ministers of the allied powers should be convened for the purpose of allocating these payments. That meeting was held in Paris on January 7, 1925. As it was important that the payments expected under the Dawes plan should not be distributed without appropriate recognition of the claims of the United States and its participation in these payments, the American ambassador at Paris, the American ambassador at London, and Mr. James A. Logan, jr., who has been acting as observer in relation to the transactions of the Reparation Commission, were instructed to attend and to represent this Government at the Paris meeting. They did so and this meeting resulted in an agreement

between the representatives of the respective powers as to the allocation of the payments expected to be made by Germany under the Dawes plan.

With respect to the purpose and scope of this meeting and of the agreement there reached, I made on January 19 the following public statement:

(1) The conference of finance ministers held at Paris was for the purpose of reaching an agreement as to the allocation of the payments expected through the operation of the Dawes plan. In view of the inclusive character of these payments, it was necessary for the United States to take part in the conference in order to protect its interests.

(2) The conference at Paris was not a body, agency, or commission provided for either by our treaty with Germany or by the treaty of Versailles. In taking part in this conference there was no violation of the reservation attached by the Senate to the treaty of Berlin.

(3) The agreement reached at Paris was simply for the allocation of the payments made under the Dawes plan. It does not provide for sanctions or deal with any questions that might arise if the contemplated payments should not be made. With respect to any such contingency the agreement at Paris puts the United States under no obligation legally or morally, and the United States will be as free as it ever was to take any course of action it may think advisable.

(4) The agreement at Paris neither surrenders nor modifies any treaty right of the United States.

With respect to payments to the United States, the agreement provides as follows:

(A) Out of the amount received from Germany on account of the Dawes annuities, there shall be paid to the United States of America the following sums in reimbursement of the costs of the United States Army of occupation and for the purpose of satisfying the awards of the Mixed Claims Commission established in pursuance of the agreement between the United States and Germany of August 10th, 1922.

1. Fifty-five million gold marks per annum, beginning September 1st, 1926, and continuing until the principal sums outstanding on account of the costs of the United States Army of occupation, as already reported to the Reparation Commission, shall be extinguished. These annual payments constitute a first charge on cash made available for transfer by the transfer committee out of the Dawes annuities, after the provision of the sums necessary for the service of the 800 million gold mark German external loan, 1924, and for the costs of the Reparation Commission, the organizations established pursuant to the Dawes plan, the Interallied Rhineland High Commission, the Military Control Commissions, and the payment to the Danube Commission provided for in article 9 below, and for any other prior charges which may hereafter with the assent of the United States of America be admitted. If in any year the total sum of fifty-five million gold marks be not transferred to the United States of America the arrears shall be carried forward to the next succeeding annual instalment payable to the United States of America, which shall be pro tanto increased. Arrears shall be cumulative and shall bear simple interest at $4\frac{1}{2}$ per cent from the end of the year in which the said arrears accumulated until they are satisfied.

2. Two and one-quarter per cent ($2\frac{1}{4}\%$) of all receipts from Germany on account of the Dawes annuities available for distribution as reparations, provided that the annuity resulting from this percentage shall not in any year exceed the sum of forty-five million gold marks.

(B) Subject to the provisions of paragraph A above, the United States of America agree:

1. To waive any claim under the Army cost agreement of May 25th, 1923, on cash receipts obtained since January 1st, 1923, beyond the sum of \$14,725,154.40 now deposited by Belgium to the account of the Treasury of the United States in a blocked account in the Federal Reserve Bank of New York, which sum shall forthwith be released to the United States Treasury.

2. That the agreement of May 25th, 1923, does not apply to payments on account of reparations by any ex-enemy powers other than Germany.

3. That the agreement of May 25th, 1923, is deemed to be superseded by the present agreement.

(C) The provisions of this agreement relating to the admission against the Dawes annuities of charges other than reparations, and the allotments provided for such charges shall not be modified by the allied governments, so as to reduce the sums to be distributed as reparations save in agreement with the United States of America.

(D) The United States of America is recognized as having an interest, proportionate to its $2\frac{1}{4}$ per cent interest in the part of the annuities available for reparation, in any distribution of railway bonds, industrial debentures, or other bonds issued under the Dawes plan, or in the proceeds of any sale of undistributed bonds or debentures and as having the right also to share in any distribution or in the proceeds of any sale, of such bonds or debentures for any arrears that may be due to it in respect of the repayment of its Army costs as provided in the present agreement. The United States of America is also recognized as having an interest in any other disposition that may be made of the bonds if not sold or distributed.

It will be observed that while provision is thus made for the participation of the United States in the payments to be made by Germany under the Dawes plan, there is no agreement to limit the amount of the claims of the United States, which, as I have said, can only be estimated at the present time. As I said in the statement above quoted, the agreement makes no provision for sanctions and does not commit the United States in any way to any action in case the contemplated payments are not made. Moreover, the agreement itself provides as follows:

The provisions of the present arrangement concluded between the powers interested in reparations do not prejudice any rights or obligations of Germany under the treaties, conventions, and arrangements at present in force.

In conclusion, it may be said that this agreement was negotiated under the long-recognized authority of the President to arrange for the payment of claims in favor of the United States and its nationals. The exercise of this authority has many illustrations, one of which is the agreement of 1901 for the so-called Boxer indemnity.

Respectfully submitted.

CHARLES E. HUGHES.

DEPARTMENT OF STATE,
Washington, February 3, 1925.

AGREEMENT REGARDING THE DISTRIBUTION OF THE DAWES ANNUITIES (14TH JANUARY 1925)

FINAL PROTOCOL

The representatives of the Governments of Belgium, France, Great Britain, the United States of America, Italy, Japan, Brazil, Greece, Poland, Portugal, Roumania, Serb-Croat-Slovene State, Czechoslovakia, assembled at Paris from the 7th to the 14th of January 1925 with a view to settling as between their respective Governments questions which arise out of the distribution of the receipts already entered, or to be entered, in the accounts of the Reparation Commission, in particular after the 1st January 1923 to 1st September 1924, and also in the first years of the application of the Experts Plan (1) which formed the subject of the Agreements concluded in London on 31st August 1924,

(1) Erratum.

Have agreed on the provisions contained in the Agreement of today's date of which a copy is attached to the present Protocol.

Done at Paris, 14th January 1925.

CLEMENTEL.
G. THEUNIS.
WINSTON S. CHURCHILL.
MYRON T. HERRICK.
FRANK B. KELLOGG.
JAMES A. LOGAN JR.
ALBERTO DE' STEFANI.
K. ISHII.
L. M. DE SOUZA DANTAS.
EM. J. TSOUDEROS.
J. MROZOWSKI.
J. KARSNICKI.
ANTONIO DA FONSECA.
VINTILA BRATIANO.
N. TITULESCU.
STOYADINOVITCH.
STEFAN OSUSKY.

AGREEMENT

The Governments of Belgium, France, Great Britain, Italy, Japan, the United States of America, Brazil, Greece, Poland, Portugal, Roumania, the Serb-Croat-Slovene State and Czechoslovakia, respectively represented by the undersigned, have agreed as follows.

AGREEMENT REGARDING THE DISTRIBUTION OF THE DAWES ANNUITIES

SUMMARY

CHAPTER I.—Allocation of Dawes Annuities.

- Art. 1. Costs of Commissions.
- Art. 2. Costs of Armies of Occupation 1924-1925.
- Art. 3. Share of the United States of America in the Dawes Annuities.
- Art. 4. Belgian War Debt.
- Art. 5. Restitutions.
- Art. 6. Belgian Priority.
- Art. 7. Greek and Roumanian share of reparations.
- Art. 8. Miscellaneous Claims.
- Art. 9. Compensation due to the European Commission of the Danube.
- Art. 10. Clearing Office Balances.

CHAPTER II.—Settlement of past accounts.

- Art. 11. Distribution Accounts: Provision as to Arbitration.
- Art. 12. Ruhr Accounts.

CHAPTER III.—Special questions arising out of previous agreements.

- Art. 13. Extension beyond January 1st, 1923 of the provisions of Article 2 of the Agreement of the 11th March 1922: Appropriation of Deliveries in Kind to the Costs of the Armies of Occupation.
- Art. 14. Extension beyond January 1st, 1923 of the provisions of Article 6 of the Agreement of 11th March 1922: Retention by each Power of the Deliveries in Kind received by it.
- Art. 15. Costs of Armies of Occupation from 1st May 1922 to 31st August 1924.
- Art. 16. Debits for vessels allotted or transferred to Belgium under Article 6 (4) of the Spa Protocol.
- Art. 17. Debits for Shantung Mines and Railways.

CHAPTER IV.—Interest and arrears.

- Art. 18. Interest Account.
- Art. 19. Account of Excesses and Arrears as at 1st September 1924.

Art. 20. Recovery of Arrears.

Art. 21. Costs of Armies of Occupation to 1st May 1921.

CHAPTER V.—Miscellaneous questions.

Art. 22. Repayment by Czechoslovakia in respect of certain Deliveries in Kind.

Art. 23. Bulgarian Payments.

Art. 24. Properties ceded to the Free City of Danzig.

Art. 25. Recommendations with regard to the distribution of the payments throughout the year.

Art. 26. Interpretation (2).

Art. 27. Reservation as to the rights and obligations of Germany.

CHAPTER I.—ALLOCATION OF THE DAWES ANNUITIES

ARTICLE I.—*Costs of the Commissions*

A) The maximum normal charge on the Dawes Annuities of the Reparation Commission, including the organisations set up under the Dawes Plan, shall be:

For the year from 1st September 1924. 9 $\frac{1}{4}$ million gold marks.

For the later years ----- 7 $\frac{1}{2}$ ————
(to be taken partly in foreign currencies or in German currency as required).

Of these sums not more than 3,700,000 gold marks a year shall be attributable to the organisations set up under the Dawes Plan. If necessary this sum may be increased in order to meet the costs of the arbitral bodies provided for by the Dawes Plan and the London Protocol.

B) The maximum charge for the Interallied Rhineland High Commission (including deliveries under Articles 8–12 of the Rhineland Agreement) shall not exceed 10 million gold marks (to be taken in foreign currencies or in German currency as required) for the year from 1st September 1924, this sum being allocated between the French, British and Belgian High Commissariats in the proportion of 62:16:22, after providing for the other expenses of the Commission. The amount for any later year will be settled at a later date.

C) The charge of the Military Commission of Control shall not exceed a maximum of 8 million gold marks (to be taken in German currency) in the year from 1st September 1924. The amount of any later year will be settled at a later date. This figure does not include the Commission's expenses in national currencies, which shall continue to be paid by the Governments concerned, the amounts so paid being credited to their respective accounts by the Reparation Commission.

ARTICLE 2.—*Costs of Armies of Occupation 1924/1925*

A) The sums to be allowed as a prior charge on payments by Germany during the year 1st September 1924 to 31st August 1925 in respect of the costs of the Armies of Occupation of Belgium, Great Britain and France, shall be fixed at the following amounts:

Belgian Army-----	25, 000, 000 gold marks.
British Army-----	25, 000, 000 —
French Army-----	110, 000, 000 —

B) Belgium, Great Britain and France will meet their additional Army costs during the period mentioned out of their respective shares in German reparation payments, but shall not be debited on reparation account therewith, that is to say, their respective reparation arrears will be increased by corresponding sums.

C) The additional Army costs shall be calculated as follows. Each Power will be entitled to receive:

1. The sums payable under the Finance Ministers' Agreement of 11th March 1922, calculated in the case of Great Britain on the basis of the French capitation rate with a special allowance of 2 gold marks a man, converted into sterling on the basis of the mean rates of exchange of the respective currencies during the month of December 1921. The value of German marks supplied to the Armies of Occupation and the value of any requisitions under Article 6 of the Rhineland Agreement shall, as heretofore, be included in these sums, and

2. The value of the requisitions and services under Articles 8-12 of the Rhineland Agreement, which are credited to Germany in the accounts of the Agent General for Reparations.

For each Power the additional Army costs shall be the difference between the total sum so calculated and the amount of the prior charge set out in paragraph (A) above.

D) It is agreed that the Powers concerned in the occupation shall not charge for effectives in excess of the strength authorised for each respectively by Article 1 (2) and (3) of the Agreement of 11th March 1922.

E) The provisions of this Article for the year to 31st August 1925 are accepted without prejudice to any question of principle, and the Allied Governments and the Government of the United States of America will discuss, before the 1st September 1925, the arrangement for Army Costs in the future.

ARTICLE 3.—*Share of the United States of America in the Dawes annuities*

A) Out of the amount received from Germany on account of the Dawes annuities, there shall be paid to the United States of America the following sums in reimbursement of the costs of the United States Army of Occupation and for the purpose of satisfying the awards of the Mixed Claims Commission established in pursuance of the Agreement between the United States and Germany of August 10th, 1922.

1. Fifty-five million gold marks per annum beginning September 1st, 1926, and continuing until the principal sums outstanding on account of the costs of the United States Army of Occupation, as already reported to the Reparation Commission, shall be extinguished. These annual payments constitute a first charge on cash made available for transfer by the Transfer Committee out of the Dawes Annuities, after the provision of the sums necessary for the service of the 800 million gold mark German external loan, 1924, and for the costs of the Reparation Commission, the organisations established pursuant to the Dawes Plan, the Interallied Rhineland High Commission, the Military Control Commissions, and the payment to the Danube Commission provided for in Article 9 below, and for

any other prior charges which may hereafter with the assent of the United States of America be admitted. If in any year the total sum of fifty-five million gold marks be not transferred to the United States of America the arrears shall be carried forward to the next succeeding annual instalment payable to the United States of America, which shall be pro tanto increased. Arrears shall be cumulative and shall bear simple interest at $4\frac{1}{2}\%$ from the end of the year in which the said arrears accumulated until they are satisfied.

2. Two and one quarter per cent ($2\frac{1}{4}\%$) of all receipts from Germany on account of the Dawes Annuities available for distribution as reparations, after deduction of the sums allotted for other Treaty charges by this agreement (3) provided that the annuity resulting from this percentage shall not in any year exceed the sum of forty-five million gold marks.

B) Subject to the provisions of Paragraph A above, the United States of America agree:

1. To waive any claim under the Army Cost Agreement of May 25th 1923, on cash receipts obtained since 1st January 1923 beyond the sum of \$14,725,154.40 now deposited by Belgium to (4) the Treasury of the United States in a blocked account in the Federal Reserve Bank of New-York, which sum shall forthwith be released to the United States Treasury.

2. That the Agreement of May 25th 1923 does not apply to payments on account of reparations by any ex-enemy Powers other than Germany.

3. That the Agreement of May 25th 1923, is deemed to be superseded by the present Agreement.

C) The provisions of this Agreement relating to the admissions against the Dawes Annuities of charges other than reparations, and the allotments provided for such charges shall not be modified by the Allied Governments, so as to reduce the sums to be distributed as reparations save in agreement with the United States of America.

D) The United States of America is recognised as having an interest, proportionate to its $2\frac{1}{4}\%$ interest in the part of the annuities available for reparation, in any distribution of railway bonds, industrial debentures or other bonds issued under the Experts Plan (5), or in the proceeds of any sale of undistributed bonds or debentures and as having the right also to share in any distribution or in the proceeds of any sale, of such bonds or debentures for any arrears that may be due to it in respect of the repayment of its army costs as provided in the present Agreement. The United States of America is also recognised as having an interest in any other disposition that may be made of the bonds if not sold or distributed.

ARTICLE 4.—*Belgian War Debt*

A) As from the 1st September 1924 5% of the total sum available in any year after meeting the charges for the service of the German External Loan, 1924, and the charges for Costs of Commissions; Costs of U. S. Army of Occupation; Annuity for Arrears of pre-1st May 1921 Army Costs; Prior charge for current Army Costs; and any other prior charges which may hereafter be agreed, shall be

(3) (4) (5) Erratum.

applied to the reimbursement of the Belgian War Debt as defined in the last paragraph of Article 232 of the Treaty of Versailles.

B) The amounts so applied in any year shall be distributed between the Powers concerned in proportion to the amount of the debts due to them respectively as at 1st May 1921. Pending the final settlement of the accounts, France shall receive 46%, Great Britain 42% and Belgium (on account (6) of her debt to U. S. A.) 12%.

ARTICLE 5.—*Restitution*

A) There shall be applied to the satisfaction of claims for restitution:

a) During the first four years 1% of the total sum available in any year after meeting the charges for the service of the German External Loan, 1924, and the charges for Costs of Commissions: Costs of U. S. Army of occupation; annuity for arrears of pre-1st May 1921 Army Costs; prior charge for current Army Costs; and any other prior charge which may hereafter be agreed;

b) During subsequent years 1% of the balance of the first milliard after meeting the charges enumerated above and 2% of the surplus of the annuity.

B) The amount so applied shall be distributed between the Powers having a claim for restitution proportionately to their respective claims under this head as accepted by the Reparation Commission.

C) The French and Italian Governments reserve their rights to claim restitution of certain objects of art by the application of article 238 of the Treaty of Versailles. The other Allied Governments will support their efforts to secure the execution by Germany of such restitution. Nevertheless, if the fulfilment of this obligation involves a charge on the Dawes annuities the value will be charged against the share in the annuity of the Power interested.

ARTICLE 6.—*Belgian Priority*

A) It is agreed that the determination of the exact position as regards the satisfaction of the Belgian priority depends on the settlement of the distribution account which the Reparation Commission has been requested to draw up.

B) Out of the part of the annuities received from Germany and available for distribution as reparations among the Allied Powers after 1st September 1924, Belgium will receive:

a) During the year commencing 1st September 1924: 8%.

b) During the year commencing 1st September 1925, so long as Belgian priority is not extinguished 8% of each monthly payment. As soon as the priority is extinguished, the percentage of all further payments during the year in question will be reduced to 4.5%.

c) During the year commencing 1st September 1926 and during each succeeding year: 4.5%.

This reduction in percentage is accepted as fully discharging Belgium from her obligations to repay her priority.

C) As from the date at which Belgian priority is extinguished or at the latest from 1st September 1926, the 3½% released by the above

arrangements for the repayment of the Belgian priority will be payable to France and Great Britain in the proportion 52:22, in addition to their Spa percentages.

The sums debited to Belgium in respect of the period to 1st September 1924, will not be regarded as creating for her either excess payments or arrears, provided that this shall be without prejudice to the liability of Belgium to account for any final balance under the Economic Clauses of the Treaty.

D) The right accruing to Belgium as a result of previous Agreements on payments received or to be received from or on account of Austria, Hungary and Bulgaria remain unaltered.

ARTICLE 7.—*Greek and Roumanian Reparation Percentages*

A) The percentage of reparation payments available for distribution between the Allied Powers to be allotted to Greece is fixed at 0.4 per cent of payments by Germany and of the first half of payments by Austria, Hungary and Bulgaria and 25 per cent of the second half of payments by Austria, Hungary and Bulgaria.

B) The percentage of reparation payments available for distribution between the Allied Powers to be allotted to Roumania is fixed at 1.1 per cent of payments made by Germany and of the first half of payments by Austria, Hungary and Bulgaria, and 20 per cent of the second half of payments made by Austria, Hungary and Bulgaria.

ARTICLE 8.—*Miscellaneous Claims*

A) The following claims namely:

a) Costs of military occupation of the Plebiscite zones (Annex to Article 88 of Treaty);

b) Costs of reparation of German prisoners of war (Article 217 of the Treaty);

c) Repayment of exceptional war expenses advanced by Alsace-Lorraine during the war, or by public bodies in Alsace-Lorraine, on account of the Empire (Article 58 of the Treaty);

d) Payment of certain indemnities in the Cameroons and French Equatorial Africa (Articles 124 and 125 of the Treaty).

shall be submitted for valuation to the Reparation Commission which shall be at liberty to use for this purpose all the means at its disposal including reference to arbitration as proposed in Article II below.

The amounts of these claims, when established shall be credited to the interested Powers in their Reparation accounts as at the 1st September 1924, and the credits treated as arrears at that date in accordance with the provisions of Article 19 below.

B) The following claims would appear to be payable apart from and in addition to the Dawes annuities namely:

a) The costs of the civil and military pensions in Alsace-Lorraine earned at the date of the Armistice (Article 62 of the Treaty);

b) The transfer of the reserves of social insurance funds in Alsace-Lorraine (article 77 of the Treaty). Should, however, the German Government succeed in establishing that these claims must be met out of the Dawes Annuities the Allied Government will concert together as to the manner in which they should be dealt with.

ARTICLE 9.—*Compensation due to the European Commission of the Danube*

There shall be paid forthwith to the European Commission of the Danube out of the Annuities the sum of 266,800 gold francs, being the amount agreed to be due from Germany to the Commission in respect of compensation for damages.

ARTICLE 10.—*Clearing Office Balances*

No special charge shall be admitted against the Dawes annuities in respect of Clearing Offices balances of pre-war debts or other claims under the Economic Clauses of the Treaty unless it is shown that any Allied Power claiming the benefit of such charge has a net credit balance due for payment, after applying, to meet its claims under the Economic Clauses, the German properties and other assets which it has the power to liquidate under the same articles. No provision shall be made for such net credit balances during the first four years of the Dawes Plan.

CHAPTER II.—SETTLEMENT OF PAST ACCOUNTS

ARTICLE II.—*Distribution Accounts—Provision as to Arbitration*

The Allied Governments request the Reparation Commission to draw up as soon as possible definite distribution accounts as at 1st September 1924.

They will give authority to their respective Delegates on the Reparation Commission, to submit to arbitration all questions of fact or of figures arising on the accounts and to the fullest possible extent, questions of interpretation, on which they are not unanimous, in so far as is not already provided for in any existing arrangement.

The above provisions will apply in particular to the settlement of the Ruhr account, in accordance with the principles set out below and to questions which may arise in regard to the amounts due under the heads of restitutions or other non-reparation claims.

ARTICLE 12.—*Ruhr Accounts*

A) The Reparation Commission shall fix in accordance with the provisions of the Treaty of Versailles and the practice hitherto in force the value in gold marks of the receipts of every nature obtained by the French, Belgian, and Italian Governments from Germany since 11 th January 1923, in so far as such receipts have not already been accounted for to it. The Reparation Commission shall similarly determine the amounts to be set against such receipts with a view to securing that the Powers concerned receive credit for expenditure actually incurred by them, subject, however, to the detailed provisions below with respect to Army Costs.

B) Separate accounts will be drawn up for deliveries in kind and cash receipts.

C) The account of deliveries in kind shall include the value as determined by the Reparation Commission of:

1. Deliveries in kind not yet accounted for to the Commission including deliveries paid for from the "fonds commun" and the "fonds special".

2. All requisitions under or on the analogy of Article 6 of the Rhineland Agreement and all paper marks seized and fines imposed by the Armies of Occupation during the period 1 st January 1923, up to the 31 st August 1924, in so far as they have not already been reported to the Reparation Commission.

Against these receipts will be allowed as deductions the extra costs incurred by the French and Belgian Governments during the period 1st January 1923, to the 31st August 1924, through the maintenance of military forces in German territory not occupied on the 1 st January 1923, after setting off the normal costs of the maintenance of these forces in their home garrisons.

The net value of the deliveries in kind so determined shall be debited in the reparation accounts against the Powers which have received them.

The value of coal and coke sold to Luxemburg during the same period shall be treated as a delivery in kind to France.

D) The account of cash receipts shall include cash receipts of all kinds obtained by the Occupying Powers including the gross amounts obtained from taxes or duties, licenses, derogations, etc. . . . , and the net receipts of the Railway Regie, as ascertained by the Reparation Commission after verification of the accounts.

From these receipts will be allowed as deductions the civil costs of collection and expenses of administration incurred before the 31st August 1924, and the costs of loading coal and exploitation of mines and cokeries up to the same date.

The balance of the account shall, with the exception of the sum mentioned in sub-paragraph 1 of parag. B of Art. 3, be paid over to the Belgian Government which shall be debited on account of the priority for the period before 1st September 1924, with the full amount so received less the interest due on the German Treasury Bills transferred to Belgium in 1922.

E) In accordance with Annexe III to the London Protocol no claim will be made for payment out of the Dawes annuities of any costs in respect of military forces in German territory not occupied on the 1st January, 1923, other than the value of requisitions effected by, or services rendered to these forces after 1st September, 1924. The value of such requisitions or services will be accounted for as deliveries on Reparation Account to the Allied Powers concerned.

CHAPTER III.—SPECIAL QUESTIONS ARISING OUT OF PREVIOUS AGREEMENTS

ARTICLE 13.—*Extension beyond January 1st, 1923 of the provisions of Article 2 of the Agreement of March 11, 1922: Appropriation of deliveries in kind to the costs of Armies of Occupation*

The French, British and Belgian Governments agree that the forfeits fixed, or to be fixed, for their respective armies of occupation from the 1st January, 1923, and until the 31st August, 1928, in so far as they are not met out of requisitions of paper marks and services, etc., under Article 6 of the Rhineland Agreement, should be charged

on the deliveries in kind (including receipts under the British Reparation Recovery Act and any similar levy established by any other Government) received by them, respectively, and the Reparation Commission is requested to give effect to this decision in its accounts.

ARTICLE 14.—*Extension beyond January 1st, 1923, of the Provisions of Article 6 of the Agreement of March 11, 1922: Retention by each Power of the Deliveries in Kind received by it*

Each of the Allied Governments having a credit due to it on reparation account shall be entitled to retain, without being required to make payment in cash for the value thereof, the deliveries in kind (including Reparation Recovery Act Receipts) received and retained by them between the 31st December 1922, and the 1st September 1924. The receipts of each Power, however, up to the 1st September 1924, shall be taken into account in determining the adjustments provided for in Article 19.

ARTICLE 15.—*Costs of the Armies of Occupation for the period 1st May 1922 to 31st August 1924*

A) The credits to be given in respect of the costs of occupation for the period 1st May 1922 to 1st May 1924, are as follows:

Period	French share of forfait	Belgian share of forfait	British share of forfait
May 1st, 1922 to April 30th, 1923.....	Gold marks 155, 526, 693	Gold marks 30, 680, 158	Gold marks 21, 092, 922
May 1st, 1923 to April 30th, 1924.....	117, 195, 330	23, 284, 922	22, 369, 567

B) As regards the costs of occupation for the period 1st May 1924 to 31st August 1924, the Allied Governments will authorise their representatives on the Reparation Commission to make the necessary adjustment on the basis of the principles on which the above figures were calculated.

C) The Reparation Commission is requested to introduce those figures into its accounts for the years in question.

ARTICLE 16.—*Debits for the Vessels allotted or transferred to Belgium under Article 6 (4) of the Spa Protocol*

The debits in the Interallied accounts for the vessels allotted or transferred to Belgium under Article 6 (4) of the Spa Protocol shall be dealt with under Article 12 of the Finance Ministers' Agreement of the 11th March 1922 instead of as provided for in the Spa Protocol.

ARTICLE 17.—*Debit for Shantung Railways and Mines*

In respect of the Railways and Mines referred to in the second paragraph of Article 156 of the Treaty of Versailles, Japan will be debited by the Reparation Commission in the Interallied accounts only with the equivalent of compensation which has been or may be

in fact paid by the German Government to its nationals for their interests. Pending the establishment of the amounts in question Japan will be regarded as entitled to her full percentage of reparations as from 1st September 1924.

CHAPTER IV.—INTEREST AND ARREARS

ARTICLE 18.—*Interest Account*

The Allied Governments agree that all interest charges on reparation receipts up to 1st September 1924, should be waived as between the Allied Powers and all provisions in existing agreements requiring interest accounts to be kept to that date are cancelled. Interest at 5% shall, however, be charged as from 1st September, 1924, on the excess receipts shown in the account to be drawn up under Article 19 below as due at that date by any Allied Power to the Reparation Pool as well as on any further excess receipts which may accrue after that date until they are repaid.

ARTICLE 19.—*Excesses and Arrears*

A) The Reparation Commission shall as soon as possible draw up an account showing, as at 1st September, 1924, for each Power entitled to a share in the reparation payments of Germany, but not including the United States of America.

a) The net receipts of that Power on reparation account as at 1st September, 1924, which shall be calculated by deducting from its total gross receipts as valued for the purpose of Interallied distribution, the credits due to it in respect of Spa coal advances, of costs of Armies of Occupation (excluding the arrears as at 1st May, 1921, provided for in Article 21), costs of Commissions of Control not paid in German currency, profits on exchange, and of any other approved claims such as the claims referred to in Article 8 A) of this Agreement:

b) The amount that Power should have received had the total net reparation receipts of all the Powers been distributed in accordance with the Spa percentages.

By deducting from the amount due to each Power its actual debit, the Reparation Commission will determine the arrears due to that power or the excess payments due from that Power as at 1st September, 1924.

B) A similar calculation shall be made by the Reparation Commission on the 1st September in each succeeding year.

C) For the purpose of the above calculations the figures relating to Belgium shall be included on the same footing as those relating to other Powers but, save as provided elsewhere in this Agreement, Belgium shall be free of any obligation to repay reparation receipts obtained before 1st September 1924.

Belgium shall, however, if the case arises, be required to account with interest for any excess of reparation receipts obtained by her after 1st September 1924, over her due proportion, as laid down elsewhere in this Agreement, of the total receipts effectively debited to all the Powers after that date. In the contrary case Belgium will be regarded as having a claim in respect of arrears.

D) The provisions of the second paragraph of Article 7 of the Agreement of 11th March 1922 relating to the debits to be entered

in the account to be drawn up under Article 235 of the Treaty in respect of coal received by Italy before 1st May 1921, shall apply also to the debits for coal received by Italy between 1st May 1921 and 31st December 1922.

ARTICLE 20.—*Recovery of Arrears*

Except as otherwise provided for in this Agreement:

(A) The excess receipts of any Power as fixed at the end of each year under Article 19 shall be repaid by the deduction of a certain percentage from the share of that Power in each succeeding annuity until the debt is extinguished with interest at 5%, provided that no repayments under this sub-section shall be required out of the annuities for the years commencing 1st September 1924 and 1st September 1925.

(B) In the case of Italy and the S. H. S. State this deduction shall be fixed at 10%. In the case of other countries the deductions shall be calculated by the Reparation Commission on a similar basis.

(C) The repayments made by the Debtor Powers shall be distributed between the Powers in credit to the Reparation Pool in proportion to their respective arrears.

ARTICLE 21.—*Costs of the Armies of Occupation to 1st May, 1921*

The arrears due to France and Great Britain on account of pre-1st May 1921 Army Costs shall be excluded from the general account of arrears and shall be discharged by a special allotment out of the Dawes annuities (ranking immediately after the charge in favour of U. S. Army Costs) of the following amounts namely:

1st year.....	15 million gold marks.
2nd year.....	20 — — —
3rd year.....	25 — — —
4th year.....	30 — — —

and thereafter an annuity of 30 million gold marks till the arrears are extinguished.

This allotment shall be divided between France and Great Britain in the proportions France 57%, Great Britain 43%. The allotment shall be taken in deliveries in kind during the first two years of the Dawes Plan and thereafter may be transferred either in deliveries in kind or cash. This arrangement will not affect the distribution of any cash receipts now in the hands of the Reparation Commission available for the liquidation of Army Costs arrears, which receipts will be dealt with in accordance with Article 8 of the Agreement of 11th March, 1922, and credited against the capital arrears. Further, the annuity above provided for will retain a prior charge up to 25% of its amount on any cash receipts not arising out of the Dawes Plan which may accrue to the Reparation Commission in the future on account of Germany.

CHAPTER V.—MISCELLANEOUS QUESTIONS

ARTICLE 22.—*Payment by Czechoslovakia for Deliveries in Kind*

The sums due by Czechoslovakia to the Reparation Commission in respect of the deliveries in kind received by her from Germany and Hungary since 1st May, 1921, shall be placed in a suspense account and carry interest at 5% from the 1st September, 1924.

ARTICLE 23.—*Bulgarian Payments*

Without prejudice to any question of principle, the payments made or to be made up to 31st December 1926, by Bulgaria under the Protocol of Sofia dated 21st March 1923, will be distributed between the Allied Powers in the proportions laid down in Article 2 of the Spa Protocol. The Allied Governments will agree together as to the method of distribution of these payments to be adopted after 31st December 1926.

ARTICLE 24.—*Properties ceded to the Free City of Danzig*

The Allied Governments give full powers to their respective representatives on the Reparation Commission to settle all questions connected with the debt due by the Free City of Danzig in respect of the value of the public properties ceded to the Free City by Germany, including such adjustments of the payments to be made by the Free City as may be necessitated by its financial situation.

ARTICLE 25.—*Recommendations with regard to Distribution of Payments throughout the year*

The Finance Ministers draw the attention of the Reparation Commission to the fact that the operation of the Dawes Plan would be greatly facilitated if the Agent General for Reparation Payments could so arrange that the annual payments to be made during the operation of the Dawes Plan may be distributed throughout the course of each year, and they request the Reparation Commission and the Agent General to consider what steps can be taken to secure this result, which is of particular importance during the second and third years of the Plan.

With a view to accomplishing this result the Allied Governments, so far as they are concerned, authorise the Reparation Commission and the Agent General for Reparation Payments in cooperation with the Trustees for Railway Bonds and Industrial Debentures to take all action that may be necessary to arrange the due dates of the payments to be made on the Railway and Industrial Bonds so as to provide for a gradual and even flow of payments throughout each annuity year.

Furthermore, the Finance Ministers authorise the Reparation Commission to make arrangements, so far as may be practicable without prejudicing the requirements of other Powers, to enable the Portuguese Government to obtain during the earlier months of the second year of the Dawes Plan (within the limit of its share in the second annuity) the sums necessary to complete certain outstanding orders for deliveries in kind of special importance to it.

ARTICLE 26.—*Interpretation (7)*

This Agreement shall be transmitted to the Reparation Commission, and the Commission will be requested to give effect thereto and to adjust the payments during the remainder of the year to 31st August 1925, and during subsequent years, so that the total receipts of each

(7) Erratum

S. Doc. 192, 68-2—2

Allied Power during each year shall not exceed its share under this Agreement. The Reparation Commission shall have authority by unanimous resolution to interpret the provisions of the Agreement, in so far as the Allied Powers are concerned. If any difference or dispute shall arise on the Reparation Commission or between the Allied Powers in respect of the interpretation of any provisions of this Agreement or as to anything to be done hereunder whether by the Commission or otherwise, the same shall be referred to the arbitration of a single arbitrator to be agreed unanimously by the members of the Reparation Commission, or, failing agreement, to be appointed by the President for the time being of the Permanent Court of International Justice.

Any difference or dispute that may arise with the United States of America regarding the interpretation of this Agreement affecting American claims or the rights of the United States of America under this Agreement shall be referred to an arbitrator to be agreed upon between the United States of America and the Reparation Commission acting unanimously.

ARTICLE 27.—*Reservation as to the Rights and Obligations of Germany*

The provisions of the present Arrangement concluded between the Powers interested in reparations do not prejudice any rights or obligations of Germany under the Treaties, Conventions and Arrangements at present in force.

ARTICLE 28 (8)

The present agreement, done in English and French in a Single Copy will be deposited in the Archives of the Government of the French Republic which will supply certified copies thereof to each of the Signatory Powers.

In the interpretation of this Agreement, the English and French texts shall be both authentic.

Paris, January 14th, 1925.

CLEMENTEL.

G. THEUNIS.

WINSTON S. CHURCHILL.

MYRON T. HERRICK.

FRANK B. KELLOGG.

JAMES A. LOGAN JR.

ALBERTO DE' STEFANI.

K. ISHII.

L. M. DE SOUZA DANTAS.

EM. J. TSOUDEROS.

J. MROZOWSKI.

J. KARSNICKI.

ANTONIO DA FONSECA.

VINTILA BRATIANO.

N. TITULESCU.

STOYADINOVITCH.

STEFAN OSUSKY.

PROTOCOL

The Governments of Belgium, of the United States of America, of France, of Great Britain, of Italy, of Japan, of Brazil, of Greece, of Poland, of Portugal, of Roumania, of the Serb-Croat-Slovene State and of Czechoslovakia, respectively represented by the undersigned, have agreed to make the following amendments in the authentic text of the Agreement signed at Paris on January 14th, 1925; the amendments to be appended to the text in the form of an erratum.

ERRATUM

- 1° FINAL PROTOCOL. *For the words "Experts Plan" substitute "Dawes Plan".*
- 2° SUMMARY. CHAPTER V. ARTICLE 26. *Instead of "Interpretation" read "Interpretation and Arbitration".*
- 3° ART. 3. Share of the United States of America in the Dawes Annuities.
Parag. A. 2.
For the present text substitute:
"Two and one quarter per cent (2¼%) of all receipts from Germany on account of the Dawes Annuities available for distribution as reparations provided that the annuity resulting from this percentage shall not in any year exceed the sum of forty-five million gold marks".
- 4° ART. 3. Parag. B. I.
For the present text "now deposited by Belgium to the Treasury of United States. . . ."
Substitute: "Now deposited by Belgium to the account of the Treasury of the United States. . . ."
- 5° ART. 3. Parag. D.
Instead of the words "Experts Plan" read "Dawes Plan".
- 6° ART. 4. Parag. B.
Instead of "on account of her debt to U. S. A." read "by reason of her debt to U. S. A."
- 7° ART. 26. "Interpretation",
Substitute "Interpretation and Arbitration".
- 8° ART. 28. The PRESENT AGREEMENT
Suppress the title "article 28".
Paris, 22nd January, 1925.

CLÉMENTEL.

GUTT.

MYRON T. HERRICK.

JAMES A. LOGAN JR.

F. W. LEITH ROSS.

CORSI.

K. ISHII.

L. M. DE SOUZA DANTAS.

N. POLITIS.

J. MROZOWSKI.

A. NAVARRO.

VINTILA BRATIANO.

G. DIOURITCH.

STEFAN OSUSKY.

PROCEEDINGS

The first session of the Association of the United States of America in 1925 was held at the Hotel Waldorf-Astoria, New York, on May 1, 1925. The session was opened by the President, Dr. J. C. Brannan, who delivered an address on the "Present Status of the American Medical Association." The session was continued on May 2, 1925, and on May 3, 1925, when the session was adjourned. The session was a very successful one, and the Association was able to accomplish its purpose.

REPORT

The first session of the Association of the United States of America in 1925 was held at the Hotel Waldorf-Astoria, New York, on May 1, 1925. The session was opened by the President, Dr. J. C. Brannan, who delivered an address on the "Present Status of the American Medical Association." The session was continued on May 2, 1925, and on May 3, 1925, when the session was adjourned. The session was a very successful one, and the Association was able to accomplish its purpose.

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